

5.4 Reserves

5.4.1 Vehicle Insurance Reserve

A reserve is maintained to provide for minimum payments due in respect of Insurance claims, and replacement (if necessary).

5.4.2 Repairs and Maintenance Reserve

This reserve is maintained to provide for extraordinary expenditure required on repairs to Buildings, Plant and Vehicles.

5.4.3 Estate Reserve

A reserve is maintained to provide for repairs and maintenance to houses held as assets of the Rate and General Services.

5.4.4 Dedicated Housing Account

In terms of Council Resolution No.373.8.94 (para 3) contributions to the Rental Loss and Community Facilities Reserve were suspended, but a Maintenance Reserve is still maintained and paid to the Dedicated Housing Account.

6. EMPLOYEE BENEFIT FUNDS

6.1 Joint Municipal Pension Funds (Superannuation, Retirement Fund and Provident Fund)

The Umtshezi Municipality and its employees contribute to the Kwa-Zulu Natal Joint Municipal Pension Fund and its Councilors to the Municipal Councilors Pension Fund, which provides retirement benefits to such employees and Councilors.

The Retirement Benefit Plan is subject to the Pensions Fund Act, 1956, with pensions being calculated on the final pensionable remuneration paid.

Current contributions are charged against operating income on the basis of current service costs. Unfavourable experience adjustments and the costs of securing increased benefits are written off over the lesser of the remaining period of service of employees, or five years. Favourable experience adjustments are retained in the Retirement Benefit Plan.

Full actuarial valuations are performed at least every three years.

6.2 The Umtshezi Municipality and its employees contribute to Key health Medical Aid, which provides Medical Aid benefits to employees.

The Medical Aids are subject to the Local Authorities Ordinance (Natal) No 25 of 1974. Current contributions are charged against operating income on the basis of current service costs.

7. SURPLUSES AND DEFICITS

Any surplus or deficit arising from the operation of the various services is retained in those services for their own use. A contribution in relief of Rates is effected from Electricity Service to Rate and General Service. Any surplus or deficit on the Housing Service is accounted for against Government Subsidy on the various schemes.

8. TREATMENT OF ADMINISTRATION AND OTHER OVERHEAD EXPENSES.

The costs of internal support services are transferred to the different services in accordance with the estimated time spent and cost of facilities used.

9. LEASED ASSETS

Leases are treated as operating leases and the relevant rentals are charged to the operating account in a systematic manner related to the period of use of the assets concerned.

10. INVESTMENTS

Investments are shown at the lower of cost or market related value if a permanent decline in the value occurred and are invested as per Local Authorities Ordinance No.25 of 1974.

11. INCOME RECOGNITION

11.1 Electricity and Refuse Billings

Meters on all properties are read and billed monthly.
Refuse is collected from properties weekly.

11.2 Assessment Rates

The Umtshezi Municipality applies a differential rating system. In terms of this system the assessment rates are levied on the Land, building and Building Clause value of property and rebates are granted according to the zoning and the area in which a property is located.

BALANCE SHEET AS AT 30 JUNE 2008

	Notes	2007/2008 R	2006/2007 R
CAPITAL EMPLOYED			
FUNDS AND RESERVES		96,570,777	90,810,662
Statutory Funds	1	94,862,068	89,153,568
Reserves	2	1,708,709	1,657,094
RETAINED INCOME	17	(33,998,561)	(21,715,377)
		62,572,216	69,095,284
LONG-TERM LIABILITIES	3	2,066,141	7,200
CONSUMER DEPOSITS: SERVICES	4	1,720,451	1,669,827
		66,358,808	70,772,311
EMPLOYMENT OF CAPITAL			
FIXED ASSETS	5	35,510,847	36,890,512
INVESTMENTS	6	4,043,983	2,472,528
LONG-TERM DEBTORS	7	1,133,759	1,763,679
		40,688,589	41,126,719
NET CURRENT ASSETS/LIABILITIES		25,670,219	29,645,592
CURRENT ASSETS		76,941,201	97,628,732
Inventory	8	796,532	772,613
Debtors	9	51,879,478	48,705,598
Bank and cash	10	4,553	5,252,432
Short term portion of long-term debtors	7	34,800	591,297
Short-term investments	6	24,225,838	42,306,793
CURRENT LIABILITIES		51,270,982	67,983,141
Provisions	11	3,881,957	1,889,754
Creditors	12	43,420,086	66,093,387
Short Term Portion of Long Term Liability		517,050	
Bank overdraft	10	3,451,889	-
		66,358,808	70,772,311

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MUNICIPAL MANAGER

.....

CHIEF FINANCIAL OFFICER

INCOME STATEMENT **FOR THE YEAR ENDED 30 JUNE 2008**

2006/2007	2006/2007	2006/2007	2007/2008	2007/2008	2007/2008	2007/2008	2007/2008
Actual Income	Actual Expenditure	Actual Surplus/ (Deficit)		Actual Income	Actual Expenditure	Actual Surplus/ (Deficit)	Budgeted Surplus/ (Deficit)
R	R	R		R	R	R	R
47,270,268	57,163,274	(9,893,006)		52,843,368	62,927,819	(10,084,431)	(14,756,764)
42,031,271	49,604,594	(7,573,323)	RATES AND GENERAL SERVICES:	43,885,565	47,608,985	(3,723,419)	(9,246,643)
1,654,499	2,188,954	(634,455)	Community services	512,822	8,584,646	(8,071,824)	(6,854,520)
3,684,498	5,369,726	(1,685,228)	Subsidised services	8,445,001	6,734,189	1,710,812	1,344,399
			Economic services				
233,440	26,307	207,133	HOUSING SERVICES	234,378	28,776	205,603	55,386
50,747,149	55,611,515	(4,864,366)	TRADING SERVICES:	53,623,418	56,323,822	(2,700,404)	14,701,378
			Electricity	53,623,418	56,323,822	(2,700,404)	14,701,378
98,250,857	112,801,096	(14,550,239)	TOTAL	106,701,184	119,280,416	(12,579,232)	-
		(2,470,426)	Appropriation for this Year (Refer NOTE 18)			296,048	
		(17,020,664)	Net (Deficit) for the Year			(12,283,184)	
		(4,694,713)	Accumulated Surplus beginning of the year			(21,715,377)	
		(21,715,377)	ACCUMULATED DEFICIT END OF THE YEAR			(33,998,561)	

(22,948,195)

UMTSHEZI MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED
30 JUNE 2008

	Note	2008 R	2007 R
CASH GENERATED/(UTILISED) IN OPERATING ACTIVITIES		(17,514,256)	40,948,305
Cash (utilised)/generated by operations	18	(7,123,263)	(8,254,665)
Investment income		1,365,686	2,247,490
Increase/(Decrease) in working capital	19	(25,820,476)	31,689,278
		(31,578,054)	25,682,103
Less : External Interest Paid		(255,437)	
Cash generated/(utilised) in operations		(31,833,490)	25,682,103
Cash contributions from the public and the state		14,319,234	15,266,202
		(10,271,001)	(8,114,038)
CASH UTILISED IN INVESTING ACTIVITIES		(10,271,001)	(8,114,038)
Long-term debtors		(14,930)	322,524
Investments in Fixed assets		(10,256,071)	(8,436,562)
NET CASH INFLOW/(OUTFLOW)		(27,785,257)	32,834,267
CASH EFFECTS OF FINANCING ACTIVITIES			
Increase(Decrease) in Long-term loans	20	2,575,989	
(Increase)/Decrease in Investments	21	16,509,500	(25,854,121)
(Increase)/decrease in cash and cash equivalents	22	8,699,768	(6,980,145)
NET CASH (UTILISED)/GENERATED		27,785,257	(32,834,267)

(0.30)

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2008

	2007/2008	2006/2007
1 Accumulated Funds		
Public Improvement Fund	20,240,888	19,229,296
Dedicated Housing Account	1,222,427	1,325,190
Load Redemption Fund	1,792	1,792
Capital Development Fund	73,396,961	68,597,290
(Refer to appendix A for more details)	94,862,068	89,153,568
2 Reserves		
Estates	179,755	174,325
Repairs and Maintenance	1,058,127	1,028,164
Vehicle Insurance Fund	470,827	456,605
(Refer to appendix A for more details)	1,708,709	1,657,094
3 LONG-TERM LIABILITIES		
Local Registered Stock	7,200	7,200
Wesbank	2,575,991	0
Sub-total	2,583,191	7,200
Less : Current portion transferred to current liabilities	517,050	0
Local Registered Stock	0	0
Wesbank	517,050	0
Total External Loans	2,066,141	7,200
Refer to Appendix B for more detail on long-term liabilities.		
4 Consumer Deposits		
Electricity	1,720,451	1,669,827
Guarantees held in lieu of Electricity Deposits are R 1,917,863 (2007: R2,323,079)		
5 Fixed Assets		
Fixed assets at the beginning of the year	124,728,588	117,287,295
Capital Expenditure during the year	10,256,071	8,436,562
Less : Assets written off, transferred or disposed of during the year	1,379,864	995,268
Total Fixed Assets	133,604,995	124,728,588
Less : Loans Redeemed and Other Capital Receipts	98,094,148	87,838,077
Net Fixed Assets	35,510,847	36,890,512
(Refer to Appendix C for more details)		
6 Investments		
Unlisted:		
Long-term	4,043,933	2,472,528
Short term	24,225,838	42,306,793
	28,269,821	44,779,321
	28,269,821	44,779,321
Average Rate of Return on Investments	4.00%	4.00%
Section 13 of the Municipal Finance Management Act No56 of 2003, requires local authorities to invest funds which are not immediately required with prescribed institutions.		
Investments amounting to R64 493 are pledged as security with Financial Institutions for funding of housing loans to staff members.		
No investments were written off during the year.		
The long-term unit trust investment with Liberty Life is valued at R 2 965 899.74 as at 30 June 2008.		
Account description: Investments (MFMA Requirements)		
Investments Bank Account		
Abisa Bank Escourt Branch		
Account number: 9106946490		
Bank statement balance at the beginning of the year	2,138,394	2,000,000.00
Bank statement balance at the end of the year	1,057	2,138,394.00
Investments Bank Account		
First National Bank Escourt Branch		
71021254116, 71048734530, 71066697123, 62033811995, 74029698170,		
Account number: 74081223309, 74142860044		
Bank statement balance at the beginning of the year	40,137,735	13,690,000.00
Bank statement balance at the end of the year	24,194,117	40,137,735.00
Investments		
Borough of Dundee		
Certificate number: 236		
Certificate balance at the beginning of the year	15,200	15,200.00
Certificate balance at the end of the year	15,200	15,200.00
Investments		
NedBank Escourt Branch		
Account number: 4350193735		
Statement balance at the beginning of the year	15,464	10,000.00
Statement balance at the end of the year	15,464	15,464.00
Investments		

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2008

	2007/2008	2006/2007
<i>Liberty Life</i>		
Account number: 0013370619, 0013961202		
Statement balance at the beginning of the year	2,472,528	3,210,000.00
Statement balance at the end of the year	4,043,983	2,472,528.00
TOTAL INVESTMENTS:	28,269,821	44,779,321.00
7 Long Term Debtors		
Land Sale loans	617,943	1,094,245
Add: Housing and other loans	1,751,962	1,260,730
	2,369,905	2,354,975
Less: Provision for doubtful debt	(1,201,346)	-
	1,168,559	2,354,975
Less: Short term portion of long-term debtors transferred to current assets	34,800	591,297
	1,133,759	1,763,679
8 Inventory		
Inventory represents consumable stores, raw materials and finished goods. Where necessary, specific provision is made for obsolete inventory.	811,314	772,613
Write off of inventory	(14,782)	-
	796,532	772,613
9 Debtors		
Current debtors - rates and consumer	65,053,878	62,194,037
Amounts paid in advance	(244,092)	332,476
Accrued Income	883,637	3,705,636
Sundry debtors	65,693,423	66,232,149
Less: Provision for doubtful debts: other	-	750,000
Less: Provision for doubtful debts	13,813,945	16,776,551
	51,879,478	48,705,598
% Debtors of Total Operating Income	49%	50%
Included in current debtors is an amount of R4,678,524 relating to the transfer of the Water Asset to Uthukela District Municipality. This amount is deemed irrecoverable and the full balance has been provided for as a doubtful debt. Once resolutions have been past regarding the writing off of the asset, as well as confirmation that the amount recorded in the Municipality's records agree to the amounts recorded in the District Municipality's records, the amount owing will be written off. As at 30 June 2008, the amount recorded as a liability in Uthukela District Municipality's records was R127,000.		
10 Bank and cash		
Main bank account/(Overdraft)	(3,451,889)	5,247,879
Cash on hand	4,553	4,553
Account description: Investments (MFMA Requirements)		
First National Bank Escourt Branch		
Account number: 52200363994		
Statement balance at the beginning of the year	825,296	211,385.00
Statement balance at the end of the year	(3,451,889)	825,296.00
11 Provisions		
Leave accumulation (see note 25)	3,438,626	1,369,754
Audit Fees	445,333	520,000
Provision for doubtful debts: other	-	750,000
Provision for doubtful debts	13,813,945	16,776,551
	17,695,903	19,416,305
Less: Provision for doubtful debts transferred to Debtors (Note 9)	13,813,945	17,526,551
	3,881,958	1,889,754
12 Creditors		
Trade creditors	7,367,459	19,310,639
Deposits	35,619	19,518
Sundry creditors	1,058,642	1,182,118
Grants and Subsidies	34,938,367	38,926,690
Amounts received in advance	-	6,654,422
	43,420,086	66,093,387

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2008

13 Assessment rates

2007/2008

2006/2007

Rateable Land, Buildings and Building Clauses

	Site valuations as at 1 July 2008		
	R		
Residential	321,193,870	17,659,508	9,790,858
Commercial			
Industrial	121,735,087	5,081,831	9,191,109
Other	42,829,170	2,093,296	2,596,061
Total	485,758,127	24,824,635	21,578,028

Valuations on land and buildings are performed every 5 years and the last
In Weenen the basic rates are: 0.020218 per rand for Agriculture and

14 Councillor's Remuneration

Mayor's Allowance
Deputy Mayor's Allowance
Councillors
Speaker allowance
Medical Aid contributions
Pension fund contributions for councillors
Allowances

354,127	326,019
284,274	260,816
932,891	1,112,543
284,274	260,816
8,510	
297,849	372,275
722,424	653,385
2,884,349	2,985,854

Municipal Manager
Departmental Directors
Pension Fund Contributions

672,428	675,830
1,480,287	1,868,771
109,519	108,718
2,262,234	2,653,319

15 Auditor's Remuneration

Audit Fees
Underprovision - Prior year

640,864	481,493
640,864	481,493

16 Finance Transactions

Total external interest earned or paid :
Interest earned
Interest paid

1,365,686	2,247,490
255,437	-

Capital Charges debited to operating account :
Interest :

External
Internal

3,606,052	3,839,827
255,437	
3,350,615	3,839,827
5,831,830	2,984,818
424,987	
5,406,843	2,984,818
9,437,882	6,824,645

Redemption :

External
Internal

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2008

17 Appropriations

2007/2008

2006/2007

Appropriation account :
Accumulated surplus at the beginning of the year
Appropriations for the year
Prior year adjustments
Operating surplus/(deficit) for the year

(21,715,377)	(4,694,713)
(12,283,184)	(17,020,664)
296,048	(2,470,426)
(12,579,232)	(14,550,238)
(33,988,561)	(21,715,377)

Accumulated surplus at the end of the year

Operating account

Capital expenditure
Contributions to :
Capital development fund
Reserves
Audit fee provision
Leave pay provision
Bad debts provision
Loan Redemption Fund
Dedicated Housing Account

3,232,070	4,129,882
4,341,282	10,146,490
-	-
550,000	640,504
2,024,207	140,966
1,767,076	9,364,119
-	901
-	-
7,573,352	14,276,381

18 Cash/(utilised) generated by operations

(Deficit)/Surplus for the year
Adjustments for :
Previous year's operating transactions

Appropriations charged against income :
Capital development fund
Fixed Assets
Provisions & Reserves
Dedicated Housing Account
Loan Redemption Fund

Capital Charges

* Interest paid
- To internal funds
- On external Loans

* Redemption
- On internal advance
- On external Loans

Investment income charged to operating account
Impairment loss on asset

Non operating income
- Government and Provincial grants and subsidies
- Credited to Funds, Provisions and Reserves

Non-operating expenditure:
- Debited to Funds
- Debited to Provisions and Reserves

Amount To Cashflow Statement

(12,579,232)	(14,550,239)
296,048	(2,470,426)
7,573,352	14,276,382
-	-
3,232,070	4,129,882
4,341,282	10,146,490
-	-
-	901
9,437,882	4,904,731
3,606,052	1,919,914
3,350,615	1,919,914
255,437	-
5,831,830	2,984,818
5,406,843	2,984,818
424,987	-
(1,365,686)	(1,212,062)
686,954	-
(9,601,325)	(8,524,356)
(13,127,063)	(10,159,532)
3,525,738	1,635,176
(1,571,257)	(678,695)
(830,392)	(182,382)
(640,864)	(496,313)
(7,123,263)	(8,254,665)

19 (Decrease)/(Decrease) In Working Capital

(Increase)/Decrease in Inventory
(Increase)/(Increase) in Debtors
(Increase)/Decrease in Short-term portion of long-term debtors
Increase/(Decrease) in Creditors, Consumer deposits

Amount To Cashflow Statement

(23,919)	(170,985)
(3,173,880)	(6,963,264)
-	(532,733)
(22,622,677)	39,381,280
(25,820,476)	31,689,278

20 Increase/(Decrease) In Long term liabilities

- Loans raised
- Loans repaid

Amount To Cashflow Statement

3,000,976	-
(424,987)	-
2,575,989	-

21 (Increase)/Decrease in cash investments comprises :

- Investments realised
- Investments made

Amount To Cashflow Statement

37,203,043	42,354,203
(20,693,543)	(68,208,324)
16,509,500	(25,854,121)

22 (Increase)/Decrease In cash and Cash Equivalents :

- Balance at beginning of year
- Balance at end of year

5,252,432	(1,727,713)
(3,447,336)	5,252,432
(8,699,768)	6,980,145

23 Contingent Liabilities and Contractual Obligations

Guarantees by Council in respect of Building Society and Commercial Banks
Housing loans to officials

64,493	64,493
64,493	64,493

At the time of the completion of the annual financial statements, there appears to be no litigations in progress

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2008

2007/2008

2006/2007

It is Council's policy to carry a reserve of 50% of outstanding leave. The provision amounts to R 1 369 754 as at 30 June 2007 and the accumulated was R 2 739 507.

24 Capital Commitments

Approved and contracted for
Approved but not yet contracted for

23,570,284	14,920,491
23,570,284	14,920,491

This expenditure will be financed from:

Internal Sources
External Sources

23,570,284	3,550,925
23,570,284	11,369,566
	14,920,491

25 Leave Pay Provision

The estimate was calculated on leave days due at 30 June 2008 of 11506 days for all employees at their specific rates

3,436,626 1,369,754

26 Capital Development Fund

Accumulated Funds
Less: External investments
Outstanding advances to borrowing services

73,396,961	68,597,290
(43,580,551)	(34,314,674)
29,816,409	34,282,616

(refer to appendix A & B for more detail)

27 Public Improvement Fund

Accumulated Funds
Less: External investments
Value of assets
Debtors
Outstanding advances to borrowing services

20,240,888	19,229,296
15,072,031	12,564,453
2,450,267	3,048,160
617,943	1,094,245
2,100,647	2,521,437

(refer to appendix A & B for more detail)

28 Fruitless and wasteful expenditure

At the time of the completion of the annual financial statements, there appears to be no fruitless and wasteful expenditure

29 Unauthorised expenditure

At the time of the completion of the annual financial statements, there appears to be no unauthorised expenditure.

30 Matters Pending

The Municipality had conducted an audit of the vat system and had, as a result, submitted a claim to the Receiver of Revenue for unclaimed input vat of R6,430,438.83. The audit is still continuing.

31 Going Concern

The Municipality incurred a net loss of R12,579,232 for the 2007/2008 financial year resulting in an accumulated deficit of R33,996,561 and the municipality had a bank overdraft of R3,451,989 as at 30 June 2008. In addition there are unspent grants amounting to R34.7m as at 30 June 2008. However, the investments as at date total R28.3m resulting in difference of R6.5m not being supported by cash. These conditions, along with other matters, point to the existence of a concern of the going concern assumption.

ACCUMULATED FUNDS, TRUST FUNDS, PROVISIONS AND RESERVES

	Balance at 2007-06-30	Contributions during the Year	Interest on Investments	Other Income	Expenditure during the Year	Balance at 2008-06-30
ACCUMULATED FUNDS						
Public Improvement Fund	19,229,296	-	598,951	412,641	-	20,240,888
Dedicated Housing Account	1,325,190	-	41,277	5,582	149,622	1,222,427
Loan Redemption Fund	1,792	-	-	-	-	1,792
Capital Development Fund	68,597,290	-	2,472,927	3,107,514	780,770	73,396,961
Total	89,153,569	-	3,113,155	3,525,737	930,392	94,862,068
RESERVES						
Estates	174,325	-	5,430	-	-	179,755
Repairs and Maintenance	1,026,164	-	31,963	-	-	1,058,127
Vehicle Insurance	456,605	-	14,222	-	-	470,827
	1,657,095	-	51,615	-	-	1,708,709
TRUST FUNDS						
	-	-	-	-	-	-
PROVISIONS						
Audit Fees	520,000	550,000	16,197	-	640,864	445,333
Leave	1,369,754	2,024,207	42,665	-	-	3,436,626
Total	1,889,754	2,574,207	58,862	-	640,864	3,881,958
TOTAL	92,700,418	2,574,207	3,223,632	3,525,737	1,571,257	100,452,735
Bad Debts - other	750,000	-	-	-	750,000	-
Bad Debts - consumer	16,776,551	1,767,076	400,189	-	3,928,524	15,015,291

EXTERNAL LOANS AND INTERNAL ADVANCES

EXTERNAL LOANS	%	Period of loan	Repayment date	Balance 2007-06-30	Loans Received during the Year	Redeemed, written off during the Year	Balance 2008-06-30
<i>Local Registered Stock</i>							
Endumeni Municipality		10	2013/06/30	7,200			7,200
Wesbank		5	2012/12/31	-	3,000,976	424,987	2,575,989
				7,200	3,000,976	424,987	2,583,189

INTERNAL ADVANCES TO BORROWING SERV.	Balance 2007-06-30	Received during the Year	Redeemed, written off during the Year	Balance 2008-06-30
Capital Development Fund	34,282,616	-	4,466,207	29,816,409
Loan Redemption Fund	-	-	-	-
Public Improvement Fund	2,521,437	-	420,790	2,100,647
Revenue Account	1,569,314	-	519,847	1,049,467
	38,373,367	-	5,406,843	32,966,524

ANALYSIS OF FIXED ASSETS

Expended 2007	SERVICE	Budget 2008	Balance at 2007-07-01	Expended 2007/8	Written off, transferred, redeemed or disposed of during the Year	Balance at 2008-06-30
R		R	R	R	R	R
2,717,715	RATES AND GENERAL SERVICES	5,796,425	80,293,601	7,633,208	756,105	87,170,706
2,570,948	Community services	5,239,425	76,499,574	6,052,618	734,269	81,817,923
-	Council	720,000	459,636	1,366,748	-	1,826,384
1,427,730	Public Works	3,000,000	49,430,951	2,278,422	411,469	51,297,903
-	Town Estates	5,000	2,092,756	-	-	2,092,756
708,549	Civic Buildings	-	8,215,225	1,477,339	850	9,691,715
-	Health Services	-	316,427	-	-	316,427
214,259	Finance	71,000	4,999,450	-	30,996	4,968,454
138,264	Parks and Recreation	900,000	6,965,905	509,250	154,943	7,320,212
17,750	Weenen	-	344,090	-	-	344,090
10,450	Wembezi	-	423,179	-	-	423,179
-	Library	22,500	1,649,548	6,838	-	1,656,386
-	Corporate	520,925	193,227	-	-	193,227
53,947	Protection	-	1,409,181	414,021	136,012	1,687,191
7,200	Subsidised services	57,000	1,553,508	-	21,835	1,531,673
-	Health Clinic	50,000	177,054	-	-	177,054
7,200	Museum	7,000	398,739	-	-	398,739
-	Fire Protection	-	977,715	-	21,835	955,880
139,568	Economic services	500,000	2,240,519	1,580,590	-	3,821,109
139,568	Cleansing	500,000	2,240,519	1,580,590	-	3,821,109
-	HOUSING SERVICES	-	368,360	-	-	368,360
-	Economic Housing	-	368,360	-	-	368,360
5,692,346	TRADING SERVICES	3,050,000	41,017,468	2,622,863	24,666	43,615,665
5,692,346	Electricity	3,050,000	41,017,468	2,622,863	24,666	43,615,665
26,500	PUBLIC IMPROVEMENT FUND	-	3,049,160	-	598,893	2,450,267
8,436,562	TOTAL FIXED ASSETS	8,846,425	124,728,589	10,256,071	1,379,664	133,604,998
11,421,380	LESS : LOANS REDEEMED AND OTHER CAPITAL RECEIPTS	-	87,838,077	10,256,071	-	98,094,148
2,984,818	Loans Redeemed	-	41,659,497	5,831,830	-	47,491,327
4,129,892	Contributions from Current Income	-	5,059,918	3,232,070	-	8,291,988
4,306,670	Grants and Subsidies	-	39,897,289	1,192,171	-	41,089,460
-	Public contributions	-	963,297	-	-	963,297
-	Miscellaneous	-	258,076	-	-	258,076
(2,984,818)	NET FIXED ASSETS	-	36,890,512	0	1,379,664	35,510,850

**ANALYSIS OF OPERATING INCOME AND EXPENDITURE
FOR THE YEAR ENDED 30 JUNE 2008**

<i>Actual 2007</i>			<i>Actual 2008</i>	<i>Budget 2008</i>
R			R	R
98,250,857	INCOME	TB6	106,701,184	119,716,183
21,578,029	-Levy income		-	-
	-Property Rate		23,786,884	18,834,778
	-Rates Penalty		4,769,187	4,419,657
10,159,532	-Grants and subsidies		13,127,063	25,086,840
50,448,305	-Electricity sales		57,382,420	58,896,594
4,835,355	-Other income		6,031,524	8,215,883
-	-Fines		238,421	157,656
-	-Departmental		-	-
-	-Relief of Rates		-	-
3,131,976	-Interest earned		1,365,686	207,816
8,097,661	-Income from Tariffs and service charges			3,896,959
117,417,200	GROSS EXPENDITURE		121,198,572	119,990,323
34,355,215	-Salaries, Wages and Allowances		40,238,757	38,217,310
54,992,103	-General Expenses		57,487,880	55,464,383
38,380,199	Purchase of electricity		40,614,287	40,754,158
16,611,905	Other general expenses		16,873,593	14,710,225
6,968,853	-Repairs and Maintenance		6,460,702	5,313,725
6,824,645	-Capital charges		9,437,882	3,828,500
4,129,892	-Contribution to Fixed Assets		3,232,070	5,057,000
10,146,490	-Contributions		4,341,282	12,109,405
4,616,102	-LESS : Amounts charged out		1,918,156	274,140
112,801,098	NET EXPENDITURE	TB6	119,280,416	119,716,183

(12,579,232)

DETAILED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

2006/7 Actual Income R	2006/7 Actual Expenditure R	2006/7 Actual Surplus/ Deficit R	RATES AND GENERAL SERVICES	2007/8 Actual Income R	2007/8 Actual Expenditure R	2007/8 Actual Surplus/ Deficit R	2007/8 Budgeted Surplus/ Deficit R
47,270,268	57,163,274	(9,893,006.00)	Community services	52,843,388	62,927,819	(10,084,431)	(14,756,754)
42,031,271	49,804,594	(7,573,323)	Assessment rates	43,895,565	47,608,985	(3,723,419)	(9,248,532)
21,578,029	-	21,578,029	Council	23,766,884	-	23,766,884	19,834,378
592,981	7,187,142	(6,594,161)	Health Services	591,457	4,533,502	(3,942,045)	(5,446,838)
3,723,565	4,459,709	(736,144)	Protection Services	238,154	2,440,864	(2,202,710)	(3,007,765)
453,294	7,628,210	(14,508,093)	Public Works	316,847	13,513,323	(13,196,476)	(15,540,077)
13,017	5,991,931	(5,978,914)	Corporate services	30,599	7,260,505	(7,229,907)	(7,067,362)
11,514,759	8,852,319	2,662,440	Town Estates	-	10,414,903	8,203,089	12,011,689
3,751,198	250,083	(3,501,115)	Finance	18,617,992	-	-	-
332,808	1,759,891	(1,391,307)	Waste	-	-	-	-
27,879	7,665,985	(7,638,106)	Wenanzambwa	-	-	-	-
43,741	1,285,176	(1,241,435)	Civic Buildings	29,121	1,382,482	(1,353,361)	(801,876)
1,554,499	4,480,427	(2,925,928)	Parks and Recreation	278,512	8,083,406	(7,804,894)	(8,317,172)
1,385,587	4,524,168	(3,138,581)	Subsidised services	512,822	8,984,646	(8,471,824)	(8,254,132)
96,747	2,188,951	(2,092,204)	Health Clinic	292,995	7,110,851	(6,817,856)	(6,696,161)
93,165	1,835,791	(1,742,600)	Fire Brigades	26,585	1,279,050	(1,252,465)	(1,241,531)
3,684,498	127,174	(3,557,324)	Cemetery	98,306	1,601	96,705	119,292
3,684,498	225,989	(2,372,590)	Museum	94,936	193,143	98,207	136,120
50,747,149	5,369,726	(45,377,423)	Economic services	8,445,001	6,734,189	1,710,812	1,344,399
50,747,149	5,369,726	(45,377,423)	Cleaning	4,086,172	5,006,767	(1,510,595)	(1,674,014)
233,440	26,307	(207,133.00)	Licensing	4,348,829	1,127,422	3,221,407	3,018,413
233,440	26,307	(207,133.00)	Pound	-	-	-	-
50,747,149	55,611,515	(4,864,366)	HOUSING SERVICE	294,378	28,776	265,603	55,386
50,747,149	55,611,515	(4,864,366)	TRADING SERVICES:	294,378	28,776	265,603	55,386
98,250,857	112,801,096	(14,550,239)	Electricity	53,623,418	56,323,822	(2,700,404)	14,701,378
			TOTAL	106,701,184	119,280,416	(12,579,232)	-
			Appropriation for this Year (Refer NOTE 18)			296,048	
			Net (Deficit) for the Year			(12,283,184)	
			Accumulated (Deficit)/Surplus beginning of the year			(21,715,377)	
			ACCUMULATED DEFICIT END OF YEAR			(33,998,561)	

STATISTICAL INFORMATION

	2008	2007
a) General Statistics		
1 <i>Population</i>	59,434	59,434
2 <i>Rateable Properties</i>		
Rateable	463,548,100	459,814,200
Non-Rateable	49,942,070	49,695,770
3 <i>Number of Properties</i>		
Proclaimed erven as at 30 June 2004	8,862	8,851
4 <i>Number of Rated Properties</i>		
Residential	8047	8036
Commercial	300	300
Industrial	125	125
Agricultural	200	200
Prison and Police	4	4
Other	186	186
5 <i>Assessment rates: cents in the rand</i>		
<i>Escourt/Wembozi</i>		
Land	0.44722	0.40656
Improvements	0.011169	0.010154
<i>Weenen/Kwanobamba</i>		
Land		
Agricultural/Grazing	0.02224	0.28006
Industrial/Commercial/Parks Board	0.30807	0.04422
Hospital/Education/Administration	0.04864	0.03795
Residential	0.04175	
6 <i>Number of employees</i>	313	316
b) Electricity Statistics		
1 <i>Number of users</i>	11275	10822
2 <i>Units bought</i>	222037531	222866581
3 <i>Units sold (kw)</i>	206308573	216319271
4 <i>Units lost in distribution (kw)</i>	15728958	6547310
5 <i>Percentage lost in distribution</i>	7.0%	2.9%
6 <i>Cost per unit sold @</i>	25.8c	23.6c
c) Sundry Statistics		
1 <i>Area</i>	2 130km ²	2 130km ²
2 <i>Number of registered voters</i>	33333	33333
3 <i>Fire service - units</i>	3	3
4 <i>Building survey</i>		
i) Number of plans passed	101	186
ii) Value of plans passed	R 60,034,149	R 55,381,622
5 <i>Parks and Recreation</i>		
i) Number of developed parks	0	8
ii) Nature Reserve	2	2
iii) Number of Swimming pools	2	2
iv) Number of Sportsfields	28	27
6 <i>Library - books issued</i>	71434	82191
7 <i>Cleansing - Refuse removed and dumped</i>	8793 tons	6785 tons
8 <i>Roads - km roads repaired/constructed</i>	6.5	4.5
9 <i>Housing</i>		
i) Number of houses rented	35	36
ii) Number of housing loans	53	54